SUMMARY

DIAN WAHYUNI K BALI. Working Capital Analysis and Factors Influence Debt to Total Asset. Supervised by HERMANTO SIREGAR and TRIAS ANDATI.

Printing and publishing industry, according to the Central Bureau of Statistics (2013) is one of the industries that experienced significant growth in the production of the four sectors of the industry throughout 2013. The industry include industrial vehicles, trailers and semi-trailers recorded a production growth of 11.48 %, followed by industrial growth of metal goods, machinery and equipment instead of 11.37%, 10.77% food industry, basic metal industry 10.57%, and the industrial printing and reproduction of recorded media rose by 9.42%. Blue-Print Creative Industry Development of Indonesia's Creative Economy Towards Vision 2025 issued by the Ministry of Commerce in 2008 describes the printing industry are included in the development plan of 14 sub-sectors of creative industries (2009-2025). Printing is included in the type of company that is engaged in manufacturing, which requires management of current assets to be more efficient. This is because the proportion of current assets of manufacturing companies are usually more than half of total assets. Firms with small amount of current assets may experience shortages and difficulties in maintaining their operation.

PT XYZ is a company engaged in the printing and publishing national scale. The company is engaged in industrial offset printing with a production capacity of printed sheets (sheetfed) and printing rolls (web offset) . The company XYZ is currently trying to locate and expand the market beyond the captive (BPT Telkom) that commercial markets such as government, private sector and banks. In an effort to increase sales by entering new markets, XYZ has constraints in the availability of working capital in the procurement of materials and production infrastructure for the completion of the print job. The condition caused by the characteristics of customers in government markets, private banking with no advance payment (down payment) and aging is more than 6 months. Operating Cash Cycle during 2009 to 2013 showed that the working capital tied up in accounts receivable and inventory for more than 200 days nor more than 6 months. That caused the company to experience a shortage of cash available to fund operations. These conditions encourage companies to use loan or debt to finance operating activities. The increase in interest expense due to spending most of the companies funded by the creditors which are banks and financial institutions. Operating costs and investment on fixed assets continues to increase every year. This resulted in the company bears the burden of considerable interest on spending every year. Financing firms by an average of 70% was funded by a loan than equity capital that is only 30%.

This study aims to analyze about the company's financial performance, working capital and other factors that have an influence on the Debt to Total Assets in the company. This study uses a case study approach in PT XYZ by using the data for 5 years from 2009 to 2013 followed by the first semester of 2014. Data study was conducted in August-September 2014. The research method

using financial statement analysis horizontal, vertical and financial ratios, degree of total leverage, sales analysis, net working capital, cash cycle and multiple linear regression analysis. Factors used in the statistical analysis is accout receivables period (X1), sales (X2), inventory period(X3), the growth of fixed assets (X4), account payables period (X5) and the degree of total leverage (X6).

The results of this research showed that from the aspects of the company's financial performance showed increased sales growth, EBITDA margin are ranging in 12-21 percent, operating margin ranges from 9 to18 percent and the net profit margin between 2 until 4 percent. In the aspect of liquidity and cash flow showed a decrease in the ability of the company in the availability of working capital. The company's cash cycle indicates account receivables period and inventory period have bounded longer and growing up. In the aspect of solvency, debt to asset ratio has increased over the last 5 years. The level of operating leverage and financial companies also rise up than the years before. From regression analysis showed the component of working capital which has significant influence on solvency are account receivables period (X1), inventory period (X3), the account payables period (X5) and variable outside of working capital which has significant influenced on the solvency is the growth of fixed assets (X4). Variable sales (X2) and the degree of total leverage (X6) has no significant effect on solvency.

Managerial implications for the management of working capital is the company should seek to reduce aging by implementing appropriate policies characters aging customers both corporations and non-corporations. For inventory period, the company conducted a policy supplies of raw material supply for the needs of the next 3-4 months on a recurring raw material production. For the account payables period, companies are expected to manage credit policies favorable purchase the company's cash management. Managerial implications for managing the growth of fixed assets, companies must optimize the production capacity of its fixed assets to support increased sales and help the company in manage obligations remain fixed cost of those assets. While on variable sales and the total level of leverage, the company should be able to provide competitive price bidding and cost efficient structure determination to increase sales so as to cover the fixed expenses over operational and financial activities of the company.

Keywords: Printing Industry, Financial Analysis, Working Capital, Degree of Total Leverage , Debt to Total Asset